

WASHINGTON (June 16) – Congressman Spencer Bachus (AL-6) today won approval of a proposal to help protect investors from frauds like the multi-million dollar Bernie Madoff scam and the HealthSouth debacle.

The House-Senate conference on financial reform legislation accepted an investor protection amendment offered by Bachus and Congressman Ed Royce (R-CA) to improve the handling of whistleblower complaints by the Securities and Exchange Commission. [At an earlier Financial Services Committee hearing](#)

, Bachus noted that agency officials were handed the Madoff case on a “silver platter” by whistleblower Harry Markopolous but failed to properly investigate.

“Whistleblowers are an important asset in detecting and prosecuting the Madoffs and Allen Stanfords of the world. This amendment will ensure that the SEC has a high ranking official and office to coordinate and pursue the huge volume of whistleblower tips that very well could prevent future frauds like Madoff and Stanford, which the SEC failed to detect for years. Complaints from within industry or by investors are the cheapest, most effective way to identify fraudsters,” said Bachus, who is a conferee and Ranking Member on the Financial Services Committee.

The provision will improve the stature of whistleblower complaints within the SEC by establishing a separate office within the Commission to better protect whistleblowers and ensure their concerns are being acted upon by the SEC. According to a recent report, whistleblower tips were responsible for detecting 54% of fraud schemes at public companies whereas external audits (like those conducted by the SEC) accounted for 4% of fraud cases detected.

The conference’s deliberations on financial regulatory reform legislation are in their second day.